

Message Text

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11
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 EB-07 COME-00 AID-05 CIAE-00

DODE-00 INR-07 NSAE-00 PA-01 USIA-06 PRS-01 SP-02

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FM AMEMBASSY LISBON
TO SECSTATE WASHDC 8612
INFO USMISSION EC BRUSSELS
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E.O. 11652: N/A
TAGS: BGEN, ETRD, PO
SUBJECT: IMPORTATION OF BASIC COMMODITIES

1. MINISTER OF COMMERCE BARRETO HELD PRESS CONFERENCE ON
SEPTEMBER 23 AFTER DAY-LONG MEETINGS WITH RETAILER AND WHOLE-
SALER ASSOCIATIONS, TOURISM ORGANIZATIONS AND LABOR REPRESENTATIVES
OF SAME SECTORS.

2. MINISTER ANNOUNCED PRICE CONTROL SYSTEM WILL BE CHANGED.
HE DESCRIBED OLD SYSTEM AS INEFFICIENT AND IMPOSSIBLE TO
ADMINISTER AND DECLARED THAT ONLY RESTRICTED LIST OF ESSENTIAL
GOODS WOULD HAVE STRICTLY CONTROLLED FIXED PRICES. PRICES OF
OTHER PRODUCTS WOULD BE ALLOWED TO RISE WITH GOP OBSERVING
THEM TO PREVENT SPECULATION ON EXCESSIVE INCREASES.

3. GOP IS PREPARING LEGISLATION PROVIDING FOR GOP MONOPOLY
IN IMPORTATION OF CERTAIN BASIC ESSENTIALS SUCH AS CEREALS,
CODFISH, SUGAR, MEAT AND POSSIBLY OTHERS.

4. COMMENT: CHANGE IN PRICE CONTROL SYSTEM IS SIGNIFI-
CANT GOP ACTION. PRICES WILL RISE CONSIDERABLY ON MANY
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PRODUCTS, PERMITTING FIRMS TO REDUCE THEIR SUBSTANTIAL

LOSSES OF THE PAST TWO YEARS AND ENABLING GOP TO REDUCE SUBSIDIES
TO THESE FIRMS. MEASURE WILL OBVIOUSLY MEAN REDUCTION IN REAL
INCOME FOR WORKERS AND GOP WILL HAVE TO BE CAREFUL NOT TO LET
INCREASES RISE PRECIPITIOUSLY AS THEY DID IN DECEMBER 1975/
JANUARY 1976. PRICES INCREASED SO FAST AT THAT TIME
THAT IMMEDIATE STRONG REACTION CAUSED CONTROLS TO BE
REINSTITUTED.
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Message Attributes

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